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Staffing Levels And Salary Costs Of The Philadelphia Housing Authority

B-118718

Department of Housing and
Urban Development

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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DEC. 3, 1971



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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Dear Mr. Chairman:

This is our report on staffing levels and salary costs of the Philadelphia Housing Authority. Our examination was made in accordance with your request of May 27, 1971, and subsequent discussions with our representatives.

We did not obtain written comments from the Department of Housing and Urban Development or the Philadelphia Housing Authority on the matters discussed in this report. This fact should be taken into consideration in any use made of the information presented.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

We trust that the information furnished will serve the purpose of your request.

Sincerely yours,

Comptroller General
of the United States

The Honorable William A. Barrett
Chairman
Subcommittee on Housing
Committee on Banking and Currency
House of Representatives

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COMPTROLLER GENERAL'S REPORT
TO THE CHAIRMAN, SUBCOMMITTEE
ON HOUSING, COMMITTEE ON
BANKING AND CURRENCY
HOUSE OF REPRESENTATIVES

STAFFING LEVELS AND SALARY COST OF
THE PHILADELPHIA HOUSING AUTHORITY
Department of Housing and Urban
Development B-118718

D I G E S T

WHY THE REVIEW WAS MADE

At the request of the Chairman, Subcommittee on Housing, Committee on Banking and Currency, House of Representatives, the General Accounting Office (GAO) reviewed selected aspects of the staffing levels and salary costs of the Philadelphia Housing Authority, Philadelphia, Pennsylvania. Attention was directed especially to

- increases in the number of Authority employees,
- increases in Authority salary costs,
- analyses of salaries and qualifications of selected Authority employees, and
- factors which eventually may increase the Authority's staff and salary costs.

GAO did not obtain written comments from the Department of Housing and Urban Development (HUD) or the Authority on the matters in this report.

FINDINGS AND CONCLUSIONS

Increase in overall Authority staff

The Authority's budgeted staff--actual figures were unavailable--increased from 774 in fiscal year 1967 to 1,344 in fiscal year 1972, an increase of 570 employees, or about 74 percent; the number of dwelling units under its management increased for that period from 13,794 to 20,400, an increase of 6,606, or about 48 percent. Most of the increase in staff was due to the hiring of more maintenance personnel and security guards. The employee growth rate would be slightly less than the dwelling unit growth rate if the security guard increases were eliminated.

Authority officials advised GAO that the increases in staff, following a reorganization of the Authority in January 1970, were due to:

- The need to provide more social services.
- Increased vandalism.
- Increased maintenance of the older projects.

--The types and number of units under management. There were a large number of units, such as individual row houses, at scattered sites, which required more maintenance personnel than the same number of units at large projects. (See pp. 6 to 13.)

Increase in overall Authority salary costs

The Authority's budgeted salary costs increased from about \$4 million in fiscal year 1967 to about \$10.4 million in fiscal year 1972, an increase of \$6.4 million, or 160 percent.

The increased salary costs were attributed to increases in staff, wage increases for maintenance employees, cost-of-living increases for administrative and clerical employees, reclassification and new salary plan for administrative and clerical employees, and annual salary step increases for administrative and clerical employees. (See pp. 13 to 16.)

The Authority's salary plan complies with HUD requirements which state that salary and wage rates be consistent with the compensation practices of other local public bodies. (See p. 15.)

Analysis of salaries and qualifications
of selected Authority employees

As of July 1971 the Authority had 94 employees on its payroll who were receiving \$10,000 or more in annual salary.

GAO noted that 13 of these employees did not meet the Authority's present education or experience requirements. They had been hired, however, prior to the Authority's adoption, in October 1970, of revised job experience and education requirements. After evaluating the employees, Authority officials concluded that, on the basis of successful job performances, they had overcome their education or experience deficiencies. (See pp. 17 and 18.)

Of the 94 employees, 17 received starting salaries from the Authority which exceeded their previous non-Authority salaries by more than \$1,000.

Of the 17 employees, 11 received increases of less than \$2,000. The Authority's board chairman informed GAO that, in his opinion, a raise of less than \$2,000 was a reasonable increase in obtaining an executive-type employee. GAO was informed by Authority officials that the case of each of the six employees who had received starting salary increases of more than \$2,000 had to be evaluated on its own merits and that they believed that the employees' starting salaries and subsequent increases were justified. (See pp. 17 to 24.)

Factors which eventually may increase
Authority's staff and salary costs

In addition to increasing staff and salary costs, the Authority has increased, or is planning to increase, its staff by about 380 employees. The major portion of these employees will be Authority tenants who will be trained to work under the Authority's social services and modernization programs. These programs currently are funded from sources other than housing operations and therefore are not included as part of the salary expense in the Authority's operating budget. Authority officials stated, however, that, if such funding should be discontinued, they planned to retain many of these employees on the Authority's budgeted payroll. (See pp. 24 and 25.)

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ABBREVIATIONS

GAO	General Accounting Office
HUD	Department of Housing and Urban Development
PHA	Philadelphia Housing Authority
PHDC	Philadelphia Housing Development Corporation

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CHAPTER 1

INTRODUCTION

The Housing Act of 1937, as amended (42 U.S.C. 1401), authorizes the Department of Housing and Urban Development to conduct a program of housing assistance under which local governments establish independent legal entities--known as local housing authorities--to develop, own, and operate low-rent public housing projects.

Our review was performed primarily at the office of the Philadelphia Housing Authority (PHA), Philadelphia, Pennsylvania. We examined documents concerning staff, salary costs, and number of dwelling units for fiscal years 1967 through 1972. Discussions were held with officials of HUD's regional office in Philadelphia and with officials of PHA.

PHILADELPHIA HOUSING AUTHORITY

PHA was organized in 1937 for the purpose of providing decent, safe, and sanitary housing for families of low-income in Philadelphia. HUD provides financial and technical assistance to PHA for the development of low-rent public housing projects. Financial assistance is furnished by HUD in the form of loans for development and in the form of annual contributions (subsidies) made pursuant to contracts with PHA.

PHA is governed by a board of directors which is composed of five members. Two are appointed by the mayor of Philadelphia, two are appointed by the city controller, and a fifth member is appointed by these four. The members elect one of the five as chairman of the board. The term of office of each member is 5 years, and each is to hold office until his successor is appointed. The management operations of PHA are under the supervision and direction of a deputy executive director for operations who reports to the board chairman. The position of executive director, which is included in PHA's operating budget, is vacant.

PHA officials advised us that, as a result of a grand jury investigation of Philadelphia's program for acquiring

housing on scattered sites for low-income families, the former board chairman of PHA was dismissed and was replaced by the current chairman. The new chairman appointed in July 1969 was given a mandate by the mayor of Philadelphia to clean up the housing situation in Philadelphia and to reorganize PHA into a more efficient operating unit. During November 1969 the new chairman appointed a new deputy executive director for operations and a committee to analyze and reorganize PHA.

PHA started its reorganization during January 1970. New executive personnel were hired, the management of the housing units was reorganized into regions, and additional personnel were hired to perform the maintenance and security functions. These changes in organization were brought about by a need to (1) develop a consistent personnel policy whereby jobs and salaries could be more effectively administered, (2) implement agreements reached with tenant representatives, (3) restructure its housing management to gain more control over its operations, (4) keep abreast of increased maintenance needs, and (5) provide more social services to its tenants.

During August 1970 PHA's Development Division was combined with the Philadelphia Housing Development Corporation (PHDC) to coordinate functions of the two agencies that related to the acquisition, rehabilitation, and construction of low-rent housing.

PHDC is a quasi-public nonprofit agency, chartered in 1965 for the acquisition, rehabilitation, and construction of housing for sale to low- and moderate-income families. It is sponsored by the city of Philadelphia and receives its capital funds for acquisition, rehabilitation, and construction from the city through a \$2 million revolving fund. Operating funds are provided by the Office of Economic Opportunity. The president of PHDC is also the board chairman of PHA and the deputy managing director for housing of the city of Philadelphia. The executive-vice president of PHDC is also PHA's deputy executive director for development, and 50 percent of his salary is paid by PHA.

CHAPTER 2

INCREASE IN OVERALL PHA STAFF

As of April 1, 1971, PHA was responsible for the management of 20,400 dwelling units which could accommodate about 107,000 tenants. PHA had a total staff of 1,274 employees on July 23, 1971, to maintain and administer its various programs.

We were unable to determine PHA's actual prior staffing levels because PHA staffing records were updated daily and showed the actual numbers of employees that were currently employed but did not show past staffing levels. As a result, our analysis of staffing levels is based on the staffing levels proposed by PHA in its operating budgets for fiscal years 1967 through 1972. PHA's fiscal year begins on April 1, and its operating budget is submitted to HUD for approval during November of the year prior to the start of the fiscal year. PHA officials advised us that the information shown in the budgets approximated actual staffing levels.

A comparison of the operating budget for fiscal year 1967 with the operating budget for fiscal year 1972 showed a PHA staff increase of 570 employees, or about 74 percent. Of the total increase of 570 employees, 520, or about 91.2 percent, were budgeted to carry out housing management, maintenance, and security functions. These increases, according to functions, are shown below.

<u>Function</u>	<u>Total employees in fiscal year</u>						<u>Overall increase of employees-- fiscal years 1967-72</u>	
	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Total</u>	<u>Percent</u>
Central office	44	49	50	51	62	74	30	68.2
Housing management	156	163	185	193	232	244	88	56.4
Development	27	35	37	57	46	47	20	74.0
Maintenance	471	495	548	605	656	685	214	45.5
Security	68	79	88	113	139	286	218	320.6
Social services	8	12	11	11	12	8	-	-
Total	<u>774</u>	<u>833</u>	<u>919</u>	<u>1,030</u>	<u>1,147</u>	<u>1,344^a</u>	<u>570</u>	73.6

^aAs of August 20, 1971, HUD had not approved PHA's operating budget for fiscal year 1972.

A further analysis of staffing levels indicates that PHA supervisory-technical employees increased at about the same overall rate as nonsupervisory personnel, as shown below.

Employee category	Total employees in fiscal year						Overall increase of employees--	
	1967	1968	1969	1970	1971	1972	fiscal years 1967-72	
							Total	Percent
Executive	16	16	15	17	23	20	4	25.0
Supervisory-technical	97	110	125	124	136	173	76	78.3
Nonsupervisory	661	707	779	889	988	1,151	490	74.1
Total	774	833	919	1,030	1,147	1,344 ^a	570	73.6

^aAs of August 20, 1971, HUD had not approved PHA's operating budget for fiscal year 1972.

PHA's operating budgets showed the following increases in dwelling units under management.

<u>Fiscal year</u>	<u>Dwelling units under management</u>	<u>Annual increases in dwelling units</u>	<u>Cumulative increases</u>	<u>Percent of increase from base year</u>
1967 (base year)	13,794	-	-	-
1968	14,017	223	223	1.6
1969	15,578	1,561	1,784	12.9
1970	16,611	1,033	2,817	20.4
1971	20,469	3,858	6,675	48.4
1972	20,400 ^a	-69	6,606	47.9

^aDuring fiscal year 1972 the number of units under management decreased because the number of units dropped from the leasing program exceeded the number of new units coming under management.

PHA's operating budgets show an increase of 6,606 dwelling units under management from fiscal year 1967 through fiscal year 1972 (about 48 percent) and an increase of 570 employees (about 74 percent). It should be noted that 218 of the 570 employees were budgeted to perform security services that previously had been carried out by a private security company or by other PHA employees. If this group is excluded, the net increase was about 46 percent

(increase of 352 employees) compared with the 48-percent increase in dwelling units under management.

The ratio of employees to dwelling units is not necessarily a good indicator of how efficiently PHA is operating, because the number of employees should not necessarily increase in direct proportion to the increase in the number of dwelling units being managed, even though there may be a strong relationship. For example, about 4,900 of the 6,606 increase in dwelling units under management were at scattered sites--such as individual row houses--which, according to PHA officials, were much more difficult to maintain and manage than the same number of units congregated in a housing project and which therefore required a larger maintenance and management staff.

We discussed the PHA operation with HUD regional office officials and requested management data, such as ratios of work load to number of employees, that HUD would use in determining a proper staffing level. HUD officials stated that the methods previously utilized to determine proper staffing levels were obsolete because the criteria on which they were based no longer applied--particularly in the case of PHA because it was the only public housing authority with a large scattered-sites housing program. These officials also advised us that HUD's recently completed management study of PHA did not mention staffing levels in the report because no serious deficiencies had been noted. They added, however, that this should not be interpreted to mean that PHA was operating efficiently.

We were advised by PHA officials that, prior to October 1970, there was no formal personnel system at PHA since (1) personnel were not competitively hired, (2) there were no formal personnel processes, and (3) there were no established channels for recruiting or promoting personnel. In January 1970 an additional personnel officer was hired to develop a personnel system patterned after the city of Philadelphia's. This revised personnel system was developed and the PHA board of directors approved it in October 1970.

As part of the revised system, PHA adopted a personnel policy whereby, in filling job vacancies, tenants and PHA employees were given preference. PHA officials stated that

this policy was adopted to conform with the requirements of the Housing Act of 1968, as amended, which stated that public housing authorities were required to create employment opportunities for tenants whenever feasible.

In April 1971 the PHA board of directors approved the appointment of a training officer to develop and coordinate an employee training program. Currently PHA intends to establish employee training programs in the management, social services, security, maintenance, and clerical skills areas. PHA officials have stated that, when these programs are established, the officials would be able to increase the number of tenants hired and to provide them with the necessary training to function successfully as PHA employees.

We analyzed certain factors which contributed to the increase in PHA's staff, as cited below.

IMPLEMENTATION OF AGREEMENTS WITH TENANT REPRESENTATIVES

Tenant councils in two public housing projects in Philadelphia, Richard Allen Homes and Tasker Homes, filed a petition on October 3, 1968, with the Secretary of HUD, which requested that approval be withheld on PHA's proposed modernization program because public housing tenants had not been accorded their rights under the Housing Act of 1968, as amended. The act provides for participation by public housing tenants in the design and implementation of the modernization program and in the continued development of public housing policies and practices.

As a result of this petition, HUD directed PHA to negotiate with the tenant representatives to work out an operating agreement acceptable to HUD, the tenants, and PHA. A memorandum of understanding was approved by all parties in March 1969, and a tenant services office was established to act as an intermediary between PHA and the tenants.

As part of the memorandum of understanding between PHA and the tenants, PHA agreed to hire a sufficient number of security guards, as soon as funds permitted, to provide around-the-clock security forces. In the fiscal year 1972 budget, PHA proposed to hire 144 additional security guards, one director of security, and two supervisory guards at a total cost of about \$1 million. Some of this cost, according to PHA officials, would be offset as a result of canceling private guard service contracts that were costing about \$23,000 a month during 1971, or about \$276,000 a year.

In addition to the proposed increase of 147 security positions shown in the 1972 budget, PHA increased its security forces by 71 employees during fiscal years 1967 through 1971. PHA officials advised us that these increases were made to meet security needs created by the growing crime rate experienced in the projects.

REORGANIZATION OF HOUSING MANAGEMENT DEPARTMENT

We were advised by officials of PHA that its housing management department remained substantially unchanged during fiscal years 1967 through 1970. Each housing project

operated as an independent unit and reported directly to PHA's central office for direction. During calendar year 1970 the housing management department was reorganized into four regions and three regional managers were appointed. A fourth regional manager was appointed in July 1971.

The deputy executive director for operations advised us that, under the reorganization, the regional housing manager was given the authority to make day-to-day decisions within his region and that the housing management department would be able to provide a more flexible response to emergency situations. (Prior to the reorganization all matters had to be referred to the central office for decision.) PHA officials stated that, in addition to the staffing increases made to implement the reorganization, the housing management staff had been increased gradually over the past 5 years to provide staff to operate the new units acquired by PHA. Since 1967 PHA has increased its budget for housing managers by 19 positions and its budget for housing management clerical staff by 63 positions.

INCREASES IN MAINTENANCE STAFF

Since 1967 PHA has increased its budget for supervisory maintenance staff by 17 employees, administrative maintenance staff by nine employees, and labor force by 188 employees--a total increase of 214 employees. PHA attributes this increase primarily to the rising rate of vandalism, especially at the scattered-sites units. PHA officials have stated that the second factor which has increased the need for maintenance employees is the increasing age of the projects. PHA engages in only limited preventative maintenance because its employees are kept busy meeting emergency maintenance situations.

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PHA officials told us that the increases in staffing levels subsequent to January 1970 also were due to (1) the need to provide more social services, (2) increased vandalism, (3) increased maintenance for the older projects, and (4) the type and number of scattered-site units coming into management.

We noted that, in addition to the staffing information shown in the operating budgets, PHA had about 115 trainees engaged in modernization work and had contracted to expand its social services staff by about 262 employees. These increases are discussed in chapter 5.

We noted also that during August 1970 PHA assigned 50 of its employees whose salaries were paid by PHA to work with PHDC employees to coordinate the development functions of the two agencies. PHA officials informed us that these employees performed some non-PHA duties but that this was offset by PHDC employees who performed PHA duties. Because a timekeeping system had not been established that would break down the time spent by each employee on PHA work, we were unable to verify the claimed offset. PHA's board chairman stated that HUD's Office of Audit was currently working with PHA and PHDC personnel to develop such a timekeeping system.

CHAPTER 3

INCREASE IN OVERALL PHA SALARY COSTS

Our review of PHA's operating budgets for fiscal years 1967 through 1972 revealed the following increases in salary costs.

<u>Fiscal year</u>	<u>Total salary costs</u>	<u>Annual increases in salary costs</u>	<u>Cumulative increases</u>	<u>Percent of increase from base year</u>
1967 (base year)	\$ 3,997,792	\$ -	\$ -	-
1968	4,785,003	787,211	787,211	19.7
1969	5,208,273	423,270	1,210,481	30.3
1970	6,425,773	1,217,500	2,427,981	60.7
1971	7,620,534	1,194,761	3,622,742	90.6
1972	10,416,983	2,796,449	6,419,191	160.6

Our analysis of the increased salary costs showed several factors which had a direct effect on PHA's total salary costs. A primary factor was the overall increase in staffing levels; generally, the largest percentage increase in staffing was related to maintenance, security, and housing management positions as opposed to executive-type positions.

Other factors resulting in increased PHA salary costs include wage increases for maintenance employees, cost-of-living increases for administrative and clerical employees, reclassification and new salary plan for administrative and clerical employees, and salary step increases for administrative and clerical employees. These matters are discussed in the following sections.

WAGE INCREASES FOR MAINTENANCE EMPLOYEES

During the period April 1, 1966, through April 1, 1971, wages for PHA maintenance personnel were increased on five occasions. The wage increases were based on wage rate determinations made by HUD and accepted by PHA and the Building and Construction Trades Council of Philadelphia.

We were advised by PHA officials that the wage increases for maintenance employees during fiscal years 1968 through 1971 amounted to \$1,542,613. We did not verify the validity of these increased costs. A test examination of the yearly wage rates for positions included in the maintenance category (maintenance mechanics, maintenance mechanic aides, engineers, painters, firemen, and laborer-janitors), however, indicated that salaries for each employee in these positions increased between \$1,500 and \$2,000 from April 1, 1968, through April 1, 1971.

COST-OF-LIVING INCREASES FOR
ADMINISTRATIVE AND CLERICAL EMPLOYEES

Effective January 1, 1968, and April 1, 1969, the PHA board of directors approved cost-of-living salary increases of 8 percent and 6 percent for PHA administrative and clerical employees, respectively.

PHA officials estimated that the cost-of-living salary increases effective January 1, 1968, and April 1, 1969, amounted to \$134,500 and \$99,500, respectively. We did not verify the validity of these increased costs.

POSITION RECLASSIFICATION AND
NEW SALARY PLAN FOR
ADMINISTRATIVE AND CLERICAL EMPLOYEES

An initial action of PHA's new administration was a position reclassification and salary study for the primary purpose of restructuring PHA's salary plan for administrative and clerical employees so that it would be more in line with the city of Philadelphia's salary plan for its own employees. As a result of this study, PHA adopted the city's salary plan and the rates of pay in effect as of January 1, 1970.

The new salary plan became effective on July 1, 1970, and PHA officials estimated that the resulting increases in salary costs would amount to about \$400,000 annually. The new salary plan affected all but 12 percent of PHA's administrative and clerical employees. The salaries of the employees not affected were already comparable to, or more than, salaries paid to city employees. PHA officials stated that the lower paid workers--such as clerks, clerk-typists, and cashiers--received the most significant increases.

The increases in annual salaries would have been much greater if PHA had kept pace with the salary increases granted to city employees. After PHA adopted the city's plan, city employees received two salary increases, totaling about \$1,400 for each employee, which PHA did not grant to its employees.

We believe that the new salary plan approved by the PHA board of directors is in compliance with HUD's requirements which state that

"salary and wage rates shall be consistent with the compensation practices of other public bodies in the locality for positions similar in responsibility and required competence."

ANNUAL SALARY STEP INCREASES FOR
ADMINISTRATIVE AND CLERICAL EMPLOYEES

From year to year there is an increase in total salaries that results from in-grade step increases. Under the salary

plan approved by the PHA board of directors in September 1970 and made retroactive to July 1, 1970, PHA administrative and clerical positions were classified into 39 grades. Within each grade there are five longevity steps which allow employees to receive annual salary increments ranging from \$145 to \$1,258 (3.1 to 4.3 percent). When an employee reaches the fifth salary step within his grade, he cannot obtain a salary increase unless his job is reclassified, he is promoted, or a general salary increase is given.

Under the pay plan in effect prior to July 1, 1970, PHA administrative and clerical positions were classified into 24 grades having nine longevity steps. Employees in the first nine grades were eligible for salary increases every 12 months, whereas employees in grades 10 through 24 had to be in grade 18 months. The salary increases ranged from \$125 to \$730 (2.5 to 3.1 percent).

We were unable to determine the specific total amount of increased salary costs that resulted from these salary step increases because the records needed to make a reliable estimate were not available.

CHAPTER 4

ANALYSIS OF SALARIES AND QUALIFICATIONS

OF SELECTED PHA EMPLOYEES

We reviewed the personnel records of the 94 PHA employees who, at the time of our review, were receiving \$10,000 or more annually, to determine whether the employees met the experience and education requirements of the positions to which they had been assigned. Our review showed that 57 of these employees began working for PHA prior to April 1, 1966; that 13 came to PHA between April 1966 and July 1969, the date that the current PHA board chairman was appointed; and that the remaining 24 began working between August 1969 and January 1971.

We compared the education and experience data that the employees gave on their PHA employment applications with the experience and education requirements cited on the present PHA job descriptions and found that 13 employees did not meet PHA's education or experience requirements. Six of these employees started with PHA prior to April 1, 1966; three of the employees came to PHA between April 1, 1966, and July 1969; and the remaining four started after July 1969. In all instances the employees started their employment prior to the PHA board's approval, in October 1970, of the revised PHA job experience and education requirements.

PHA officials informed us that they were aware that some of the employees did not meet the requirements developed under the revised personnel system. After evaluating the performance of each employee, however, they concluded that, by virtue of the employees' having performed their jobs successfully, they had overcome their education or experience deficiencies. They further stated that these employees were not eligible for promotion or transfer to another position unless they could meet the stated requirements of that position.

We compared the starting PHA salaries of the 94 employees whose fiscal year 1972 annual salaries were budgeted in excess of \$10,000 with the salaries that they had received

from their prior non-PHA positions. We found 17 instances in which PHA's starting salaries exceeded the salaries received by these individuals from their previous non-PHA jobs by more than \$1,000--which we considered to be significant increases. In these instances, 11 increases were between \$1,000 and \$1,999 and six were between \$2,000 and \$3,800. The PHA board chairman advised us that in his opinion, a raise of less than \$2,000 was a reasonable increase in obtaining an executive-type employee. With regard to the six employees that received raises in excess of \$2,000, we noted that:

Employee A

On April 1, 1969, this employee was hired by PHA as a design development assistant at a starting salary of \$10,185. Prior to coming to PHA, this employee was a detailer-designer with a private architectural firm and received an annual salary of \$7,800. He therefore realized a salary increase of \$2,385.

On April 1, 1970, he received a longevity step increase of \$611, which brought his annual salary to \$10,796.

On July 1, 1970, as a result of PHA's new personnel reclassification system, he was reclassified as an architect III and received an increase of \$2,479, which brought his annual salary to \$13,275.

On July 12, 1971, he was given another longevity step increase of \$543, which brought salary to \$13,818, his present salary.

When we reviewed his education and experience requirements, we noted that, at the time he was reclassified under PHA's new personnel reclassification plan, he was about 1 year short of PHA's experience requirement. He nevertheless was given a raise (\$2,479) and a higher classification.

PHA's deputy executive director for operations told us that this employee had been hired at a salary level commensurate with the duties that he was expected to perform. He further stated that, when this employee

was reclassified, his duties were equivalent to the duties performed by architects on the city of Philadelphia's payroll. PHA believed that his starting salary and all his increases were justified, even though he was 1 year short of the experience requirement, because he had demonstrated by performance that he was able to perform the duties expected of him.

Employee B

On January 5, 1970, this employee was hired at a starting salary of \$13,600 for the position of assistant director of personnel. Prior to becoming employed by PHA, he was a personnel officer I with the city of Philadelphia. As a result of becoming employed by PHA, he realized a salary increase of \$2,600.

On July 1, 1970, he was reclassified as a personnel officer III at an annual salary of \$14,104. This increased his salary by \$504 a year. This employee met PHA's experience and/or educational requirements.

On July 12, 1971, he received a longevity step increase of \$511, which brought his annual salary to \$14,615.

The deputy executive director for operations told us that, at the time this employee was hired by PHA, he was in the process of being promoted by his former employer and would have received an annual increase of about \$1,000. In view of this anticipated promotion and the fact that PHA needed an employee who had experience in reorganizing a personnel system to conform with the city's, PHA officials believed that a \$2,600 raise was warranted, as were the additional increases he received.

The deputy executive director for operations further stated that, if this employee had stayed with the city, his current annual salary would be \$14,020.

Employee C

On August 17, 1970, this employee was hired as an administrative intern at an annual salary of \$9,205. Prior to coming to PHA, this employee was employed as an instructor with the Philadelphia Board of Education at an annual rate of \$5,980 a year. This increased his salary by \$3,225 a year.

On April 12, 1971, he was promoted to administrative officer at an annual salary of \$10,883. This promotion increased his salary by \$1,678. At the time of his promotion, he had about 9 months of job-related experience. PHA's job description required 2 years' experience.

The deputy executive director for operations told us that this employee's former job was a student-type job which he held while attending graduate school and was, therefore, not a valid job for comparison purposes.

This official further stated that, although this employee did not have the required 2 years' experience to be eligible for promotion, he believed that the employee's master's degree was an acceptable substitute for his lack of experience.

Employee D

This employee was hired on January 5, 1970, as the chief of rental and occupancy, at an annual salary of \$13,600. Prior to becoming employed by PHA, he was an assistant to the director of relocation services with the city of Philadelphia at an annual salary of \$10,280. By becoming employed with PHA, he realized a salary increase of \$3,320 a year.

On November 5, 1970, he was promoted to director of the scattered-sites housing program at an annual salary of \$14,964. This increased his salary by \$1,364. This employee met PHA's experience and/or educational requirements.

PHA's deputy executive director for operations told us that this employee was hired on the basis of the PHA board chairman's opinion that he was very able to perform his job. He also stated that this employee was hired at a salary lower than that of his predecessor. We noted, however, that the highest salary ever paid by PHA for the position of chief of rental and occupancy was \$13,496 in fiscal year 1971. This salary was \$104 less than this employee's starting salary.

Employee E

This employee was hired as deputy executive director for operations on December 8, 1969, at an annual salary of \$19,982. Prior to coming to PHA, he was housing operations coordinator for the city of Philadelphia at an annual salary of \$16,374. As a result of becoming employed by PHA, he realized a salary increase of \$3,608.

On July 1, 1970, as a result of PHA's new personnel reclassification plan, this employee received a salary increase of \$582.

On October 19, 1970, this employee received another salary increase of \$1,414 and on July 12, 1971, received a fourth salary increase of \$935 as a longevity salary increase. His present salary is \$22,913. This employee met PHA's experience and/or educational requirements.

The employee told us that, a few months after leaving the city's employ, his former position was reclassified and that his salary was increased by about \$1,000. He further stated that the city's salary for his former job was currently about \$20,554.

The PHA board chairman advised us that, when he hired the employee, he was very familiar with his abilities--this employee previously had worked for the PHA board chairman in an agency of the city--and that the salary increase of \$3,600 was warranted. He also said that, as board chairman, he was instrumental in having this

employee's salary increased by \$1,414 in October 1970 because he felt that this employee was underpaid.

Employee F

This employee was hired on January 5, 1970, as the tenant services officer at an annual salary of \$13,600. Prior to becoming employed by PHA, this individual had been employed by the city of Philadelphia as a community worker at an annual salary of \$9,815. As a result of becoming employed by PHA, this employee realized an annual salary increase of \$3,785.

On July 1, 1970, as a result of PHA's new personnel reclassification plan, this employee was given a \$492 increase which raised his salary to \$14,092.

On July 12, 1971, this employee was given a longevity step increase of \$579, raising his salary to its present level of \$14,671.

The deputy executive director for operations and the board chairman advised us that, when this employee was hired, he was in the process of being promoted to the position of community services officer by his former employer. If the employee had accepted the promotion, the deputy executive director for operations estimated that the employee's current salary would be \$14,531.

They advised us also that, through a long professional association with this employee--this employee previously worked for the board chairman--they were very familiar with the employee's abilities to carry out the duties of the position for which he was hired. Therefore they believed that this employee's starting salary and pay increases were justified on the basis of his past and current performance. This employee met PHA's experience and/or educational requirements.

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A comparison of the salaries shown in the fiscal year 1972 budget with the salaries budgeted in the preceding

5 years for selected positions, including the deputy executive directors for operations and development and department heads, appears in the appendix.

CHAPTER 5

FACTORS WHICH EVENTUALLY MAY INCREASE

PHA's STAFF AND SALARY COSTS

In addition to noting the increased staff and salary costs discussed in previous chapters, we noted that PHA had increased, and was planning to further increase, its staff by about 380 employees. PHA anticipates that most of these employees will be PHA tenants who will be trained to work under PHA's social services and modernization programs, which are funded from sources other than housing operations.

The salaries for these employees are being paid from funds received from the HUD Modernization Program, the Model Cities Program, and the Pennsylvania Department of Welfare.

EXPANSION OF SOCIAL SERVICES PROGRAM

On July 1, 1971, PHA signed a 1-year contract with the Department of Welfare, Commonwealth of Pennsylvania, to receive \$2,298,556 in health, education, and welfare funds to expand the social services to its tenants. As a result of this contract, PHA will increase its social services staff by about 262 employees. PHA anticipates that many of its tenants can be hired and trained to fill these new positions. Since the funds to pay these employees will not come from operations, this increase will not be shown in the operating budget. PHA officials advised us that they believed the State would renew this program each year. Should funds not become available, however, PHA would have to reduce this program to a level which could be funded from operating funds.

MODERNIZATION PROGRAM

During October 1970 PHA launched a modernization program to rehabilitate 2,934 units over an 18-month period in the Richard Allen, the James Weldon Johnson, and Tasker Homes public housing projects. This program is funded by HUD.

Under this program about 100 tenants are to be hired to participate in the rehabilitation work. As of May 7, 1971, PHA informed us that it had about 115 trainees of whom about 110 were tenants participating in the modernization program.

Our review showed that, during the period October 9, 1970, through June 25, 1971, PHA had incurred salary costs of about \$356,000 for individuals working on the modernization program. PHA officials have advised us that the salaries for the modernization trainees are being funded through a Model Cities grant which was awarded to PHA through the city of Philadelphia. These officials also stated that PHA intended to retain the modernization trainees as employees on their payroll at the completion of the modernization program.